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REDEVELOPMENT AGENCY and CITY COUNCIL COMMITTEES ON  
ECONOMIC DEVELOPMENT, COMMUNITY DEVELOPMENT, AND HOUSING  
Oakland, California

Chairperson De La Fuente and Members of the Committee:

Subject: Report and Recommendations from the Agency Administrator/City Manager Regarding the Organization and Structure of the City's Efforts in Redevelopment, Economic Development, and Neighborhood Revitalization

**BACKGROUND:**

This report continues the discussion and provides recommendations regarding the organization and structure of the City's redevelopment, economic development, and neighborhood revitalization efforts. At the Finance Committee and Economic Development, Community Development and Housing (ED/CD & Housing) Committee meetings of June 23, 1992, the City Manager was directed to review a proposal from the Mayor to consider a proposed reorganization of the structure of redevelopment activities in the City. Several staff reports regarding the subject were submitted and discussed at Committee and/or Redevelopment Agency/City Council meetings of July 28, September 29, October 27, December 8, December 15, 1992, and January 26.

The contents of this report are divided into two parts. Part I is an informational discussion specific to the City's neighborhood revitalization strategy. Part II of this report will address the organization and structure of the City's redevelopment and economic development efforts. Specifically, the proposal of a redevelopment plan for the Central District, Coliseum Area, and West Oakland and a Citywide business retention and attraction program will be discussed for consideration by the Council. The cornerstone of the City's overall economic development strategy should be comprised of these three inter-related components including a Neighborhood Revitalization Strategy, a comprehensive Redevelopment Plan, and a Citywide Business Retention and Attraction Program.

Item #  
ORA/City Council  
ED/CD & Housing

4/13/93





## PART I

### NEIGHBORHOOD REVITALIZATION STRATEGY

At the City Council meeting of January 26, 1993, legislation was approved authorizing several transition steps which complement the development of an overall Neighborhood Revitalization Strategy including, (1) the creation of the Community and Economic Development Advisory Commission (CEDAC); and (2) implementing a comprehensive Neighborhood Commercial-Strip Revitalization (NCR) Program in the Office of Housing and Neighborhood Development.

#### *Community and Economic Development Advisory Commission...*

The new CEDAC will bring a comprehensive approach to addressing community development, including housing programs and economic development. Prior to the creation of the Community and Economic Advisory Commission, the CDAC and EDAC, respectively, dealt with community and economic development as mutually exclusive forces, leaving the City with a parochial approach to neighborhood revitalization throughout the City. The specific functions and duties of the CEDAC will be to provide advice and recommendations to the Mayor, City Council, and Redevelopment Agency on all matters related to the City's Community Development Block Grant program and, especially, the aspects of the program which affect housing and community development, as well as economic development of the City.

#### *Neighborhood Commercial-Strip Revitalization Program...*

The City's policy relative to neighborhood revitalization includes delivery of broad-based public services and attempts to address social, economic, and environmental neighborhood concerns. The creation of the Neighborhood Commercial-Strip Revitalization (NCR) Program stemmed from the need for targeting City services along neighborhood commercial-strips. Neighborhood action plans for MacArthur Boulevard and Fruitvale Avenue have shown the revitalization of neighborhood commercial-strip areas involves a number of inter-related services, including public safety, housing, commercial revitalization (physical design and economic development), school safety, environmental improvements (including the removal of blight, graffiti, and filth), and community activities (including after-school programs).

As the Office of Housing and Neighborhood Development (OHND) has the primary goal of community development, the placement of the NCR Program in OHND provides the appropriate environment to merge housing strategies, zoning issues, community development district (CDBG) activities, and the participation of neighborhood organizations and local merchant groups toward a comprehensive approach to the revitalization of the City's neighborhood commercial-strip areas. OHND will provide the appropriate staff resources for the inter-departmental implementation and monitoring





efforts required for the NCR Program.

The NCR Program targets neighborhood commercial-strips and areas ancillary to the strips as starting points for neighborhood revitalization throughout the City. The NCR Program will provide a foundation for the City's overall revitalization strategy as it is expanded to encompass broader neighborhood areas.

The NCR Program resources will include a Neighborhood Development Manager, 3.5 FTE to be transferred from the Office of Economic Development and Employment (funded by CDBG), District Coordinators (3 FTE), and a Technical Assistance Special Purpose Grant award (\$350,000) to be received by the U.S Department of Housing and Urban Development (H.U.D.) and to be transferred from OEDE. In addition to their role as Community Development Block Grant project managers, the District Coordinators of the seven Community Districts will work with the Neighborhood Revitalization unit to share information and address various neighborhood concerns. Between specific CDBG project activities and the activities of the NCR Program, the District Coordinators will be able to establish linkages between activities, concerns, and questions raised from the communities relative to revitalization efforts and the broad-based City services affecting their neighborhood areas.

Specific responsibilities of the NCR Program staff will be to implement the following:

- facilitating implementation of NCR Action Plans approved by the City Council;
- implementing revitalization strategies specific to other commercial-strip areas within the City;
- conducting meetings with community, neighborhood, and merchant groups as a means of community outreach and problem-identification;
- identifying business community concerns in targeted neighborhood commercial-strip areas and coordinating necessary follow-through with the Office of Economic Development and Employment;
- providing access to City services on behalf of neighborhood business owners and community organizations;
- identifying zoning and environmental improvement issues and providing necessary follow-through in conjunction with the Office of Planning and Building;
- identifying blighted properties and providing necessary follow-through in conjunction with the Office of Planning and Building;
- identifying graffiti and clean-up needs and providing necessary follow-through by interfacing services with appropriate City department(s);
- working with Community Services Division, of the Oakland Police Department (OPD), to provide assistance to Home Alert groups;
- working with OPD with respect to the implementation of community policing and

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Beat Health, specifically in the identification of crime hot spots:

- linking housing development efforts and other components of the NCR Program with activities of the Housing Division of OHND; and
- developing, implementing, and monitoring revitalization plans and strategies through the expansion of the NCR Program to encompass broader neighborhood areas and by accessing broad-based City services in conjunction with various City offices and departments.

NCR Action Plans for the Elmhurst neighborhood (Elmhurst Neighborhood Commercial Revitalization Plan for MacArthur Boulevard) and the Fruitvale neighborhood (Fruitvale Neighborhood Commercial Revitalization Plan for East 14th Street) have been drafted and implementation will begin upon Council approval of each plan. Plans for other targeted neighborhood commercial-strip areas, including North Oakland and West Oakland, have been initiated. Consistent with the recommendation proposed by the Mayor's Economic Emergency Task Force, in the report submitted to the ED/CD & Housing Committee at the meeting of March 16, 1993 and approved by the City Council on March 30, 1993, the goal of NCR Program will be to produce and begin implementation of six to ten plans within the first two years of implementation.

## PART II

### REDEVELOPMENT PLAN

The structure of the Oakland Redevelopment Agency (ORA), which oversees all redevelopment efforts within the City, including the relationship between the Agency Board, Agency Administrator, and Agency staff, is organized appropriately. The degree of frustration associated with the City's progress relative to redevelopment is strongly related to prevailing economic conditions; however, performance could be improved by strengthening the relationship between the Office of Economic Development and Employment (OEDE) and its constituency groups, and developing an up-to-date strategy for approval by the Agency Board/City Council.

Redevelopment projects are currently administered by the Projects Management and Development Division within OEDE. Organized at a time when project managers were charged with implementing specific, approved, and complex projects, the Division staff has been compartmentalized to this function. The Division is not adequately organized to plan for proposed new projects or in developing new economic development initiatives.

Given current conditions, strategic economic development planning is more important than project implementation. This change in condition requires a reconfiguration of staff and a new definition of mission. The redevelopment mission for the City, at this time, must be in laying

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the foundation for renewed economic growth. Strategic planning needs to incorporate Citywide and regional economic development trends, and include a close working relationship with the department's Business Development Division, as well as the Office of Housing and Neighborhood Development.

The proposed Redevelopment Unit would supervise planning and implementation of projects within three major project areas - Central District, Coliseum Area, and West Oakland. The Unit should operate under a team approach with team leaders for each project area.

*Central District Redevelopment Project Area...*

With respect to the Central District Redevelopment Project Area, a new downtown plan is being developed in collaboration with the Oakland/University Metropolitan Forum. The Forum participants are attempting to incorporate the planning efforts of the Broadway Vision, the Central District Development Plan, the Oakland Sharing the Vision Strategic Plan, the federal Economic Development Agency grant, and analyses performed to date. The proposed plan should be available for public review in May.

*Coliseum Area Redevelopment project...*

Currently, there is an extensive community-driven effort taking place with respect to preparation of the Coliseum Area Redevelopment Plan through the Coliseum Area Redevelopment Advisory Commission (CARAC) and OEDE. The CARAC is composed of business interests, neighborhood groups, and nonprofit and public officials. The CARAC is organized around a number of working Sub-Committees including,

- \* Business Development Sub-Committee (50 members),
- \* Housing Sub-Committee (45 members),
- \* Land Use Sub-Committee (27 members), and
- \* Fiscal Review Sub-Committee (33 members).

The CARAC Sub-Committees have done a great deal of work in their efforts to build consensus for a plan. The latest step was to coordinate information and analysis. One study identifies the markets and range of possible uses for underutilized and vacant properties in the Coliseum Area and makes recommendations for infrastructure improvements. A housing/mixed-use study has been prepared for the Housing Subcommittee and identifies mixed-use development opportunities in selected areas of the Coliseum Area. In addition, a business development study is identifying effective employment and training program tailored to the needs of the business community in the Coliseum Area. The consultant studies are expected to be integrated by May 1993 and the CARAC has established a target date of early 1994 for the completion of the Coliseum Area Redevelopment Plan.





Unfortunately, proposed changes in state law relative to redevelopment funding may reduce the fiscal incentive for cities to adopt new redevelopment project areas. Staff is closely monitoring proposed redevelopment legislation.

*West Oakland Area Redevelopment project...*

Immediately following the 1989 Loma Prieta earthquake, an attempt was made to declare emergency legislation for a West Oakland Area Redevelopment Plan. Lack of consensus within the West Oakland community eventually led to stalling the redevelopment efforts. In light of the Cypress Freeway relocation project, however, the Agency should consider initiating a new process to establish a West Oakland Area Redevelopment Plan.

Economic development planning for West Oakland should include the concerns and interests of the Port of Oakland, the potential closure of the military bases, the Cypress Freeway relocation, the retention of a large number of existing industries, and the amount of existing unused land space.

Oakland Redevelopment Advisory Commission

In order to provide comprehensive and overall policy direction for the strategic planning and implementation of redevelopment projects within the City, a forum for continuous evaluation of redevelopment efforts undertaken within the City relative to respective redevelopment loans and grants should be established. This would be accomplished through the workings of an advisory body, which would facilitate the ongoing development of a broad strategy of the City's overall economic development.

Such an advisory body should be established as the Oakland Redevelopment Advisory Commission (ORAC), composed of seven (7) members, nominated by the Mayor and appointed by the Agency Board. Members of the ORAC should possess expertise in economic development, real estate, business development and retention. The function of the ORAC should be to work closely with the Agency Administrator and assigned staff and to advise the Agency Board on redevelopment activities including policy development, redevelopment planning, strategy, and minority/community equity participation. Redevelopment activities would include existing and potential project areas, including the Central District, Coliseum Area, and West Oakland. The ORAC should be supported by staff from OEDE.

Staff Team to the Redevelopment Plan

In order to increase accountability and streamlining of efforts, the Redevelopment Unit of OEDE should be organized around its specific project functions. A project leader should be assigned to each function area including the Central District, Coliseum Area, and West Oakland redevelopment projects, as well as Planning. A Redevelopment Unit supervisor would be responsible for ensuring that the staff efforts correspond to the visions and strategies for redevelopment as articulated by respective Redevelopment Plans, as well as act as staff liaison





to the Oakland Redevelopment Advisory Commission.

## BUSINESS RETENTION AND ATTRACTION PROGRAM

The Office of Economic Development and Employment should be organized around two primary functions of economic development: (1) redevelopment, including Central District, Coliseum Area, and West Oakland, as discussed above, and (2) Citywide business retention and attraction.

### Problems with the Current Provision of Services

At present, the Business Development Division expends most of its energy and resources on attempting to provide small business technical assistance and loan-packaging. These activities have over-taxed staff resources. Over the past 2 1/2 years, the Business Support Center (BSC) has been contacted for 1,021 requests for service. Many of the businesses making contact were home-based. The type of assistance most frequently requested related to business education, including approximately 50% requesting information and assistance for start-up firms.

Given the volume of the calls, the financial and technical resources available from the City are wholly inadequate to meet public expectations. Most of the inquiries are from businesses with little or no start-up capital or expertise. The City provides written hand-outs concerning business planning and development. Referrals are also made to several already overburdened nonprofit agencies, adding to the ineffectiveness of services being provided.

Conceptually, providing a central location at which all business-related inquiries can be addressed is highly desirable. Such a "one-stop" business center is expected by the applicant to have the capacity to see each potential business project through to fruition, including the direct provision of accessing and processing permits, site location, employment, financial assistance, technical assistance, and market information. However, in today's highly regulated business climate, the reality is that the resources and expertise required to provide such intensive assistance for each potential project is far beyond the capacity of the few individuals within the Division. Many of the required permits must be obtained from non-City agencies; it makes more sense to fund additional process coordinators in the Office of Planning and Building that can shepherd the permit process through the regulatory maze.

Technical assistance and loan-packaging have been crippled by restrictive and poorly structured loan programs. Efforts of direct loan-packaging to small businesses have been ineffective. The City of Oakland/Bank of America Commercial Rehabilitation Loan Program provides \$40,000 loans but requires \$8,000 appraisals; no loans have been approved. The U.S. Department of Housing and Urban Development (H.U.D.) 108 Loan Program has not been cost-effective. The program began with a \$500,000 reserve and a \$5 million borrowing authority. The program currently has a \$95,000 reserve, while the City owes \$200,000. Since the incorporation of the





H.U.D. 108 Loan Program in 1982, only 21 loans have been processed, of which ten (10) were approved. Of the ten approved loans, four completely prepaid the balances and two have defaulted. The program now requires a new infusion of CDBG monies (see below, H.U.D. 108 Loan Program).

As a result of attempting to meet the demands of a large number of small businesses and potential start-ups, other critical elements of a Citywide economic development program have been deferred, including developing and implementing a Citywide business retention program, developing an organized and useable database relative to relocation activities, training staff to obtain a level of technical expertise needed for economic analysis and market research, organizing an international investment program, and developing specific strategies for the implementation of the enterprise and recycling zones as functions of business retention.

#### Newly Defined Mission

Available resources currently within the Division need to be re-directed and clearly defined around a program of Citywide business retention and attraction. Among the primary functions of the proposed Business Retention and Attraction unit are:

- Citywide Business Survey, Problem Identification, & Early Warning Retention System
- Business Retention Response Team
- Small Business Assistance
- Site Selection Assistance/Attraction
- Business Attraction Teams
- Enterprise Zone
- Recycling Zone
- Redlining Inequities
- Loan Packaging/H.U.D. 108 Loan Program

#### *Citywide Business Retention through Expansion of Coliseum Commerce Center Corporation...*

The Coliseum Commerce Center Corporation (CCCC) is a non-profit entity operating a business retention program which utilizes an "early-warning retention system," identifying needs and concerns of the business community within the Coliseum Area. This system, where businesses themselves identify common and special problems, should be expanded Citywide. The CCCC non-profit model should be expanded and include representation from the Central District and West Oakland via the Chamber of Commerce, West Oakland Commerce Association, and include a member of the City Council/Agency Board. The existing activities of the CCCC would not be diminished through the proposed expansion. The City currently provides the CCCC with funding for 2 full-time equivalents (FTE); staffing would need to be increased to 3.5 FTE if the program were to expand Citywide.

If the non-profit business retention model is adopted, the City staff would need to be organized





to effectively respond to the problems identified by the business corporation. A team of City staff from the Business Retention and Attraction Unit would be assigned to access City services on behalf of the expanded non-profit organization, "Oakland Commerce Center Corporation" (OCCC). Specifically, the unit would be assigned to carry-out the following activities:

- ▶ accessing City services on behalf of the OCCC;
- ▶ identifying strategies at a broader level of business assistance and retention;
- ▶ marketing available economic development tools, such as the Enterprise Zone, or if appropriate, redevelopment;
- ▶ working with companies identified through the "early warning retention system" model of the CCCC;
- ▶ site selection assistance for new firms, business relocations, or expansions;
- ▶ contract administration of the OCCC; and
- ▶ facilitating resolution of problems identified.

#### *Small Business Assistance...*

OEDE, through the Business Retention and Attraction Unit, should continue to provide technical and financial services specific to small business assistance. However, these services should be provided via third-party contracts with established nonprofit organizations such as the Oakland Business Development Center (OBDC) and East Bay Small Business Development Center (EBSBDC), rather than attempting to offer the services in-house. These activities of small business assistance may be supported by CDBG funds and augmented by other appropriate funds.

With respect to loan programs, the department currently contracts with OBDC for loan packaging services. The services include the operations of the Neighborhood Economic Development Fund, which loans working capital and equipment to benefit minority and/or women-owned firms which lack conventional access to conventional financing; Small Business Administration (SBA 7A) program, which guarantees loans with commercial banks for working capital, leasehold improvements, machinery purchase, and building renovation; and the SBA 504 Program, which guarantees up to 90% project cost or \$500,000 for purchasing land and buildings, renovation, new construction, and machinery and equipment. OBDC also provides technical and management assistance to loan recipients. Other than the H.U.D. 108 Loan Program (see below), at the present, financial assistance should be consolidated in OBDC via third-party contracts.

With respect to additional technical assistance services for small businesses, the City should contract out this function, along with OBDC, to the East Bay Small Business Development Center (EBSBDC). EBSBDC, an affiliate of the Peralta Community College District, is associated with a statewide network under the California Small Business Development Center



Program, administered by the California Department of Commerce, Office of Small Business, and in cooperation with the Chancellor's Office, California Community Colleges and U.S. Small Business Administration. In addition to a base operating budget of \$300,000 and three (3) paid staff members, EBSBDC's core resources include contracted consultants, two (2) volunteer business professionals, and a number of independent contracts, including agreements with the cities of Berkeley and Alameda. Comprehensive technical assistance to small businesses is provided by EBSBDC including in-depth, one-to-one counseling; business acquisitions/sales; business assessments; business expansion planning; business plan preparation/financial projections; business valuations; cash flow projections/analysis; financial analysis; financial management; inventory control; management reviews; marketing plans; operations reviews; personnel management; procurement assistance; record-keeping/accounting systems; and sources of financing. Additionally, the EBSBDC has a relationship with the SCORE (Service Core of Retired Executives) Program, sponsored by the U.S. Small Business Administration, which is a valuable network of experienced executives who provide counsel for existing and potential small businesses.

#### *Site Selection Assistance/Attraction...*

The site selection assistance/attraction function would require coordination with the Urban Economic Research and Information Unit (see below). Upon identification of a business with potential for location or expansion within the City, the Unit would be charged with obtaining specific data, relevant to the business, and then take responsibility to introduce the business client to various sites which meet the client's needs. This function might also require introducing and negotiating with the appropriate County or State agency representatives on behalf of the business client.

#### *Business Attraction Teams...*

At the City Council meeting of March 30, 1993, recommendations included in the Mayor's Economic Emergency Task Force report were accepted. One recommendation was for the establishment of Business Attraction Teams comprised of individuals from both the public, nonprofit, and private sectors. As stated in the Task Force report, the establishment of such Business Attraction Teams would allow for two major objectives to be achieved. The first objective would be to create "pro-City" ambassadors who would be able to leverage their network of business entities to consider Oakland as a relocation site. The second objective would be to allow the private sector to assist local government to bring new businesses to Oakland.

#### *Enterprise Zone...*

Staff support required for the activities of the Enterprise Zone include marketing efforts, coordination of City efforts to retain businesses, and fielding inquiries and disseminating information about the zone. Upon completion of the start-up activities, the State Franchise Tax Board will process the specific tax credits available through the program. The zone is expected





to be in full operation in 6-months. Its focus is on the function of business retention and expansion.

*Recycling Market Development Zone...*

A strategy for implementation of the Recycling Market Zone as a function of business retention and attraction must be developed. The activities of the Recycling Market Development Zone are those related to the attraction of businesses which will turn goods from the waste stream into recycled products as an end in itself as well as a means to create job opportunities. Specific functions should include identification and outreach to eligible businesses, preparation and packaging of loans, provision of information, and working in cooperation with other local or state agencies, as necessary.

*Redlining Inequities...*

It is generally acknowledged the City has failed to capture its fair-share of commercial lending. Commercial investment is a critical component of overall economic development and remedial efforts of redlining inequities should be defined as a function of the Business Retention and Attraction Unit. Specifically, staff support required to implement the recommendations provided by the Fair Share Task Force in its report of March 16, 1993 (submitted to the ED/CD & Housing Committee) and as approved by the City Council, should be provided by the Business Retention and Attraction Unit. Functions would include staffing the Community Reinvestment Commission, working with appropriate fiduciary institutions, and establishing linking criteria.

*Loan Packaging and H.U.D. 108 Loan Program...*

The ineffectiveness of the H.U.D. 108 Loan Program in the past can be attributed to the lack of internal expertise for effective management and nebulous program criteria, which raised false expectations of loan possibilities to interested applicants. H.U.D. has recently published more clearly defined criteria for the loans, and the relationship between the Agency and H.U.D. has improved. Some discussion has taken place with respect to contracting with the Oakland Business Development Center (OBDC) for operation of the H.U.D. program. At present, OBDC has its hands full operating the SBA 7A, SBA 504 and Neighborhood Economic Development Fund (NEDF) Loan programs. Staff recommends that the City continue to operate the program directly, since staff has gained experience and expertise to do so, at least until OBDC has the capacity. Shifting the operation of H.U.D. 108 Loan Program to OBDC at this point in time may over-burden its staff, reduce its small neighborhood business focus, and result in unnecessary loan losses and operational inefficiencies. Given the learning curve travelled by City staff over the past ten years, staff does not believe it would be prudent at this juncture to allow an outside agency to develop real estate lending expertise, at the expensive risk of losing significant portions of the City's future Community Development Block Grant (CDBG) funds, which must be pledged under the H.U.D. 108 Loan Program.

The City's H.U.D. 108 Loan Program is currently out of balance and requires a new infusion





of capital. Staff will be providing a report to the City Council outlining the options in early May.

## OTHER FUNCTIONS OF THE DEPARTMENT

### Minority/Community Equity Participation

On December 15, 1992, by Resolution No. 69565, the City Council approved and adopted the Oakland Equity Participation Policy and Oakland Equity Policy Analysis and Implementation Report, as prepared and submitted by the Minority Equity Participation Advisory Committee (MEPAC). A point system will be used to determine the level of City/Agency assistance to the project, based upon the benefits to the community. Staff is in the process of integrating the points-award system into the City's contract development procedures. Specifically, review of project contracts for minority/community equity participation will be incorporated and standardized as part of the Request for Proposals and evaluation processes.

Further, Resolution No. 69565 provided for the establishment the Oakland Equity Commission (OEC) to oversee the implementation of the Policy and Implementation Report mentioned above. The OEC would establish the guidelines and procedures based on the policy for implementation of the program. Creation of the OEC requires Council ordinance and staff recommends that the City/Agency proceed with such action.

### Foreign Investment

The Foreign Investment Program objectives include fostering and attracting direct foreign investment to the City, attracting and injecting foreign capital resources, creating opportunities for the participation in joint ventures with foreign businesses, helping to project a positive Oakland business image in overseas markets, and creating a demand for the City's products and services in foreign markets. This agenda of the Foreign Investment Program, staffed by 3 FTE, is overly ambitious given staffing constraints and resources.

Progress in foreign investment and trade is not a staff-driven operation, and requires the participation of highly visible public officials and private sector representatives. A collaborative effort with the Port of Oakland and other regionally based agencies is the most leveraged approach. At present, the Port of Oakland is organizing an effort around international investment which is more regional in focus. Should the City want to continue a foreign investment program, staff recommends that the City/Agency dedicate its resources to providing collaborative efforts with the Port.



#### Urban Research and Information

A major component to redevelopment and Citywide economic development is the function of research, including data collection, maintenance and analysis. OEDE currently lacks the vital support function of systematic collection and maintenance of specific information used for economic development activities. A unit for Urban Research and Information should be established from the existing Marketing and Information Services Division. This unit should provide critical support services to the Redevelopment and Business Retention and Attraction teams through specialized urban economic research and analysis, maintain up-to-date information and database, build a database of vital information to be used in the future, in addition to efforts of targeted outreach and information services. Unit staff should be responsible for working with brokerage firms, understanding economic market trends, and monitoring vacancy rates.

#### Administration

Necessary to the general operations of the department are the administrative functions of budgeting, accounts payable, and personnel. At present, Administration manages the Special Support Unit, including the operation of the Hire Oakland First Program (HOFP), Oakland On-Call, Veterans Employment and Veterans Advocacy Program (VEVA), and Academies Program. Very recently, the operation of the Hire Oakland First Program, which manages all of the above employment programs, has been transferred to the Contract Compliance Unit under the Office of Public Works. The transfer was necessary for effective start-up of the implementation of the City Council approved mandatory component of the Hire Oakland First Program, known now as the Oakland Referral Program. The Oakland Referral Program is specific to the hiring of Oakland-based businesses for City public works' projects and requires complex efforts of regulation. Operational efficiency and effectiveness of both the voluntary and mandatory components of the program require that it be operated under the same administration, in order that the provision of City services are properly interfaced with the needs of Oakland businesses and hired contractors.

The role of the City with respect to the operation of employment programs has undergone continual change over the past years. During the Fiscal Year 1991-92, the Employment and Training Division of OEDE was dissolved due to the transfer of the Oakland Private Industry Council (PIC) along with 25.4 FTE. The transfer of the PIC program significantly decreased the function of employment training and placement services within OEDE. Staff analysis with respect to the final disposition of the Hire Oakland First Program, and other remaining employment programs within the department, has been initiated. Staff will be providing a report and recommendations to the City Council upon completion of analysis.

#### Director and Deputy Director

The department currently operates with a Department Director and without a Deputy. The nature of work involved of OEDE is such that the head of the department spends a majority of each workday developing and cultivating business relationships and contacts toward the goals





of the department. It is vital to the day-to-day operations of the department to have a "second-in-command," who would be readily available to provide leadership and management of the department staff in order to complement the efforts of the Director. This position would be created by eliminating two other existing manager positions in the department, although each of the three units. Redevelopment, Business Retention and Attraction, and Urban Economic Research and Information should have a designated supervisor (no change in classification required).

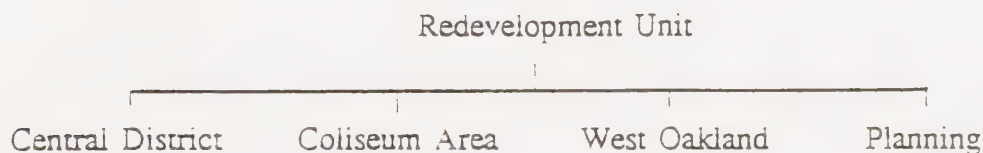
## RECOMMENDATIONS

As discussed in this report, the overall economic development strategy for the City of Oakland should be focused around the components of a Neighborhood Revitalization Strategy, a comprehensive Redevelopment Plan, and a Citywide Business Retention and Attraction Program. Given the need to provide a better focus to the City's efforts in redevelopment and economic development, staff makes the following recommendations for action by the Redevelopment Agency Board/City Council:

### A. Development of a Comprehensive Redevelopment Plan

#### 1. Organization of a Redevelopment Unit

The overall mission of redevelopment within the City should be to lay the foundation for renewed economic growth. Strategic planning and implementation of redevelopment projects should be supervised by a Redevelopment Unit, within the Office of Economic Development. The unit should be organized according to project area, including the Central District, Coliseum Area, and West Oakland. The function of redevelopment planning should also be included as an organizational project area. This reconfiguration of staff resources within the unit will provide for increased accountability and streamlining of efforts. Staff of the Redevelopment Unit should operate under a team approach with a supervisor of the unit ensuring that staff efforts correspond to the visions and strategies for redevelopment as articulated by respective Redevelopment Plans.







2. Creation of the Oakland Redevelopment Advisory Commission

The Oakland Redevelopment Advisory Commission (ORAC) should be established, in order to provide comprehensive and overall policy direction for the strategic planning and implementation of redevelopment projects within the City. The advisory body should be composed of seven (7) members, nominated by the Mayor and appointed by the Agency Board.

B. Implementation of a Business Retention and Attraction Program

1. Business Retention and Attraction Unit

Rename the current Business Development Division as the Business Retention and Attraction Unit. Define the primary functions of the Business Retention and Attraction Unit to include the activities of Citywide Business Survey, Problem Identification, & Early Warning Retention System; Business Retention Response Team; Small Business Assistance; Site Selection Assistance/Attraction; Enterprise Zone; Recycling Zone; Redlining Inequities; and Loan Packaging/H.U.D. 108 Loan Program.

- a. Expand the non-profit Coliseum Commerce Center Corporation (CCCC) to create the "Oakland Commerce Center Corporation" (OCCC), and include representation from the Central District, West Oakland via the Chamber of Commerce, the West Oakland Commerce Association, and include a member of the City Council/Agency Board. Adopt the "early-warning retention system" model of the CCCC for Citywide application. Increase City funding for staff support to the CCCC from 2 FTE to 3.5 FTE for the OCCC.

Staff from the unit should be assigned for the Business Retention Response Team. Team responsibilities would include the following: accessing City services on behalf of the OCCC; identifying strategies at a broader level of business assistance and retention; marketing available economic development tools, such as Enterprise Zone; working with companies identified through the early warning system model of the CCCC; site selection assistance for new firms, business relocations, or expansions; contract administration of the OCCC; and facilitating resolution of problems identified.

- b. Small business assistance should be contracted out to established non-profit organizations such as the Oakland Business Development Center (OBDC) and East Bay Small Business Development Center (EBSBDC). Loan packaging and technical assistance activities specific to small business assistance may be supported by CDBG funds and augmented by other appropriate funds.



- c. Site Selection Assistance/Attraction should be defined as a primary activity of the Business Retention and Attraction Unit. Staffing efforts would focus on identification of businesses with potential for location or expansion within the City and providing necessary follow-through.
- d. In response to the Mayor's Economic Emergency Task Force report, as approved by the City Council, the Business Attraction and Retention Unit should establish "Business Attraction Teams." These teams, composed of key business, professional, and community leaders, will be organized to assist the Unit in attracting new businesses and calling on existing firms to create a "can-do" atmosphere and one that is conducive to establishing and retaining businesses within the City of Oakland.
- e. Develop specific strategies for implementation of the enterprise and recycling zones as functions of business retention.
- f. Remedial efforts of redlining inequities should be a priority of the Business Retention and Attraction Unit. Upon establishment of the Community Investment Commission, staff support should be provided by the unit.
- g. Retain operations of the H.U.D. 108 Loan Program under newly defined criteria and an improved relationship between the Agency and H.U.D. Because the H.U.D. 108 Loan Program is currently out of balance and requires a new infusion of capital, staff will provide a report to the City Council at a later date outlining available options.

C. Oakland Equity Commission

It is recommended that the City Council proceed with the establishment of the Oakland Equity Commission (OEC) by ordinance. The OEC will establish the guidelines and procedures for implementation of the Oakland Equity Participation Policy and Oakland Equity Policy Analysis, as adopted by the Council on December 15, 1992.

D. Regional Focus to Foreign Investment

The City/Agency should dedicate current resources allocated to the foreign investment program to providing collaborative efforts with the Port of Oakland around an international investment program which is more regional in focus. Should the Council wish to retain a localized foreign investment program, staff recommends incorporation of the program as a function of the Business Retention and Attraction Unit.

E. Urban Research and Information

The name of the current Market and Information Services Division should be changed to the Urban Research and Information Unit in order to accurately reflect the functions of the unit including economic market analysis, data collection, site/facility inventory and maintenance.



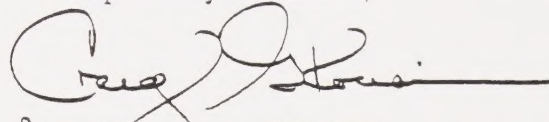


April 13, 1993

- F. Create an OEDE Deputy Director position by merging two existing manager positions in the department. This Deputy Director would be "second-in-command," available to provide leadership and management of the department staff, while the Department Director focuses on developing and cultivating business relationships and contacts toward the goals of the department.

An overview of the proposed organization of the department by function is attached.

Respectfully submitted,



Henry D. Gardner

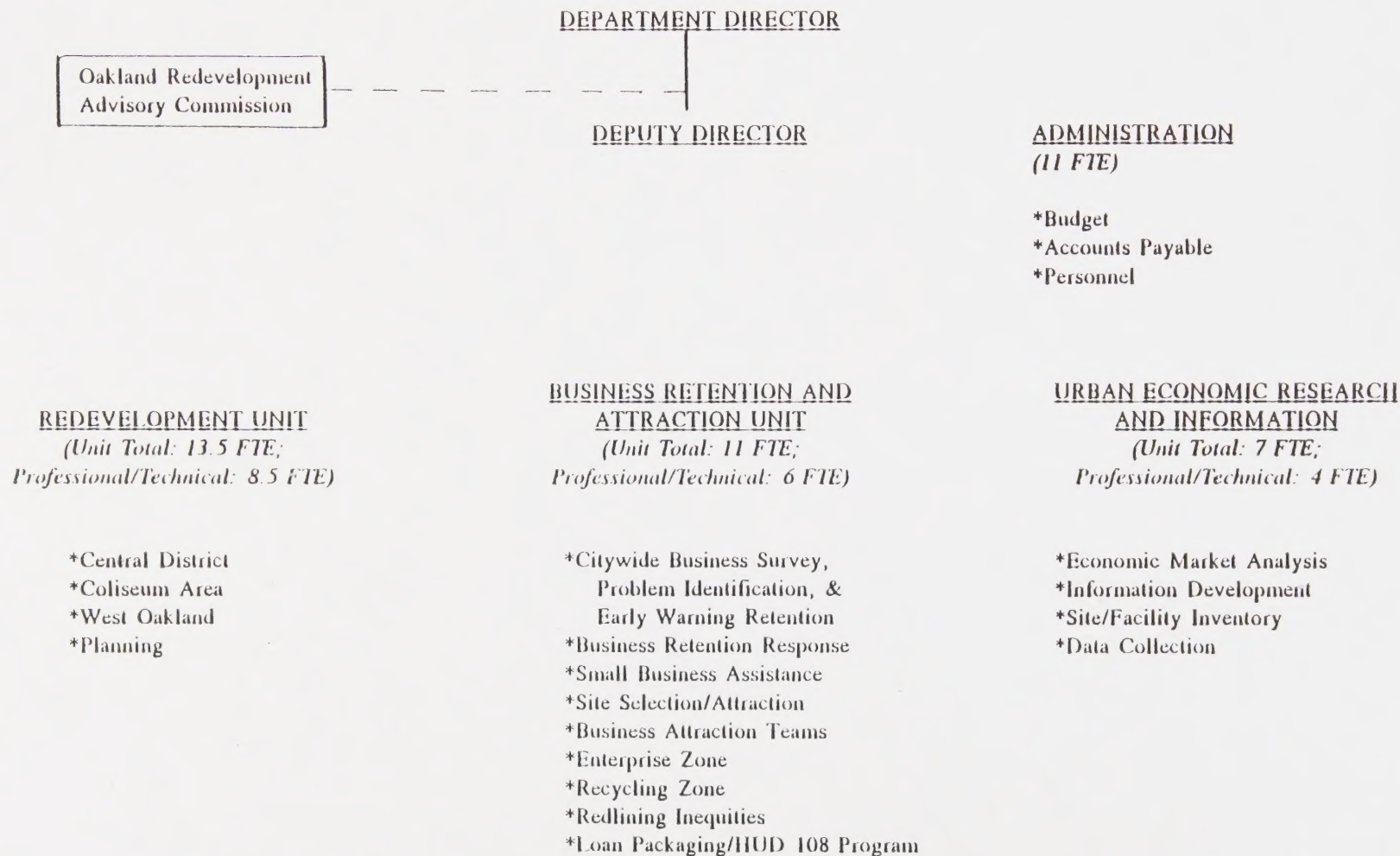




# OFFICE OF ECONOMIC DEVELOPMENT PROPOSED ORGANIZATION CHART BY FUNCTION

Total FTE: 44.5

(Total Professional/Technical FTE: 18.5)



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